

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Multi-Association Group (MAG) Plan for	)	CC Docket No. 00-256
Regulation of Interstate Services of Non-Price	)	
Cap Incumbent Local Exchange Carriers and	)	
Interexchange Carriers	)	
	)	
Federal-State Joint Board on Universal	)	CC Docket No. 96-45
Service	)	
	)	

**COMMENTS OF THE  
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION**

**INTRODUCTION**

The National Telecommunications Cooperative Association (NTCA)<sup>1</sup> hereby submits Comments in response to the Commission's *Second Further Notice of Proposed Rulemaking* in the above-captioned proceeding.<sup>2</sup> The Commission asks for comment on

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<sup>1</sup> NTCA is the premier industry association representing rural telecommunications providers. Established in 1954 by eight rural telephone companies, today NTCA represents more than 560 rural rate-of-return regulated telecommunications providers. All of NTCA's members are full service incumbent local exchange carriers (ILECs) and many of its members provide wireless, cable, Internet, satellite and long distance services to their communities. Each member is a "rural telephone company" as defined in the Communications Act of 1934, as amended (Act). NTCA's members are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities

<sup>2</sup> See Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, CC Docket No. 00-256, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Report and Order and Second Further Notice of Proposed Rulemaking*, 19 FCC Rcd 4122 (2004) (*Second FNPRM*).

two specific incentive regulation proposals. The *CenturyTel Proposal* would allow a rate-of-return (ROR) carrier to elect a modified price cap plan for some of its study areas. The *ROR Carrier Tariff Option*, proposed by ALLTEL, Madison River, and TDS, would expand the availability of the existing section 61.39 tariff filing option to all ROR carriers, not just those with 50,000 lines or fewer.<sup>3</sup>

## DISCUSSION

Both proposals contain a feature that would permit a ROR carrier operating multiple study areas to move some, but not all, of its study areas to incentive regulation.<sup>4</sup> Most of NTCA's members are single study area companies. However, these companies, like their holding company counterparts, are interested in continuing to acquire other exchange properties, including those operated under price cap regulation. While none of NTCA's members operate under price caps today, NTCA supports the Commission's conclusion that rate of return companies should be permitted to elect participation in either of the two proposed plans on a study area basis. Abrogation of the "all-or- nothing rule with respect to these new options will allow NTCA member companies that engage in mergers and acquisitions to choose the most efficient and suitable regulatory regime and corporate structure for acquired exchanges.

NTCA also supports the Commission's conclusion that neither of the proposed plans should be mandatory. The Commission recognizes the difficulty of crafting an incentive plan to meet the unique needs of the diverse rate of return carrier group. The alternatives should not be imposed on carriers but they should have the option of electing the plans. Optionality will allow rate of return carriers to judge for themselves whether

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<sup>3</sup> *Second FNPRM* at Appendix D.

either alternative promotes efficiencies and fosters investment. The availability of the alternatives will benefit the public by providing carriers new opportunities to address competition and their own unique circumstances as the need arises.

### CONCLUSION

The Commission should not mandate the imposition of any incentive plans but make the plans optional to rate of return carriers.

Respectfully submitted,

NATIONAL TELECOMMUNICATIONS  
COOPERATIVE ASSOCIATION

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April 23, 2004

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<sup>4</sup> *Id.*, ¶ 68.

## CERTIFICATE OF SERVICE

I, Gail Malloy, certify that a copy of the foregoing Comments of the National Telecommunications Cooperative Association in CC Docket No. 00-256, CC Docket No. 96-45, FCC 04-31 was served on this 23<sup>rd</sup> day of April 2004 by first-class, U.S. Mail, postage prepaid, to the following persons.

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